

Message Text

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13

ACTION EA-14

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

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R 020646Z MAY 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3128

INFO AMCONSUL BRISBANE

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AMCONSUL PERTH

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E.O. 11652: N/A

TAGS: PINT, EAGR, AS

SUBJ: LIBERAL-COUNTRY PARTY POLICY ON MINERALS AND ENERGY

REF: (A) CANBERRA 2591; (B) CANBERRA 2590; (C) CANBERRA 2435

1. SUMMARY: LENGTHY OPPOSITION POLICY PAPER ON MINERALS AND ENERGY CONTAINS POINTS OF AGREEMENT AS WELL AS OF DISAGREEMENT WITH PRESENT LABOR POLICIES. PAPER SKIRTS SOME ISSUES AND FAILS TO PROVIDE IMPRESSIVE AMMUNITION FOR USE AGAINST WHITLAM GOVERNMENT IN ELECTION CAMPAIGN. END SUMMARY.

2. LIBERAL AND COUNTRY PARTIES ISSUED 11-PAGE MINERALS AND ENERGY POLICY PAPER APRIL 26, ANOTHER OF OPPOSITION STATEMENTS BEING RELEASED DURING CAMPAIGN FOR MAY 18 GENERAL ELECTIONS. PAPER DUPLICATES POINTS MADE IN OTHER PAPERS (NOTABLY STATEMENT ON LIMITED OFFICIAL USE

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OVERSEAS INVESTMENT (REF B)) WHICH SHOULD ALSO BE TAKEN INTO

ACCOUNT IN ASSESSING OVERALL OPPOSITION VIEWS ON RESOURCES. PAPER EMPHASIZES DIFFERENCES BETWEEN OPPOSITION POLICIES AND THOSE OF LABOR, PARTICULARLY TACTICS AND STYLE OF CONTROVERSIAL MINERALS AND ENERGY MINISTER CONNOR. HOWEVER, MANY SIMILARITIES BETWEEN OPPOSITION AND LABOR VIEWS ALSO EMERGE.

3. PAPER INDICATES LIBERAL-COUNTRY GOA WOULD DIFFER FROM WHITLAM GOVERNMENT POLICY ON FOLLOWING POINTS OF POSSIBLE INTEREST TO U.S.;

AS GOA, OPPOSITION PARTIES WOULD SEEK LOWEST POSSIBLE LEVEL OF DIRECT GOVERNMENT INVOLVEMENT IN MINERALS AND ENERGY, FAVORING "DECENTRALIZED" ECONOMIC POWER. IMPROVED GOA COMMUNICATIONS WITH STATE GOVERNMENTS AND INDUSTRY WOULD BE ESTABLISHED WHILE POLARIZATION OF INTERESTS, WHICH "LABOR'S ARROGANCE" HAS PRODUCED, WOULD BE AVOIDED. LABOR'S PIPELINE AUTHORITY WOULD BE ABOLISHED AND PRIVATE ENTERPRISE ASKED TO DEVELOP AND MANAGE PIPELINE DISTRIBUTION SYSTEMS. AUST. MINERALS FIRMS WOULD BE ENCOURAGED TO INVEST OVERSEAS, BY REMOVAL OF ANY EXCHANGE OR OTHER RESTRICTIONS INHIBITING THEM FROM DEVELOPING OVERSEAS INTERESTS. THROUGH APPROPRIATE INCENTIVES AND REVISION OF PRESENT CRUDE OIL PRICE LIMITATION AGREEMENT UPON ITS EXPIRY IN 1975, DOMESTIC OIL EXPLORATION WILL BE ENCOURAGED.

4. PAPER IMPLIES OPPOSITION AND LABOR BROADLY AGREE ON SEVERAL KEY POINTS: GOA HAS "ABSOLUTE SOVEREIGNTY" OVER DESTINY OF LOCAL MINERALS AND ENERGY INDUSTRIES. MAXIMUM LOCAL PROCESSING AND AUSTRALIAN OWNERSHIP AND CONTROL OF RESOURCES AND INDUSTRIES SHOULD BE ENCOURAGED, MOST NOTABLY IN BAUXITE INDUSTRY WHERE AUST. OWNERSHIP IS BETWEEN 35 AND 39 PERCENT (SEE PARA 5). UNDER ITS CONSERVATION GUIDELINES, LIBERAL-CP GOVERNMENT WOULD REQUIRE ENVIRONMENTAL IMPACT STATEMENTS ON MAJOR MINERAL DEVELOPMENTS BEFORE EXPORT PERMITS WOULD BE GRANTED.

5. PAPER FAILS TO MENTION CERTAIN IMPORTANT ASPECTS OF FUTURE RESOURCES POLICY. PAPER DOES NOT DISCUSS SPECIFICALLY TAX TREATMENT FOR MINERALS FIRMS, AN ISSUE LABOR GOA HAS SOUGHT WITH SOME SUCCESS TO USE AGAINST OPPOSITION BY PORTRAYING PREVIOUS LIBERAL-CP GOVERNMENTS AS EXCESSIVELY GENEROUS IN GRANTING TAX CONCESSIONS. CONTENTIOUS QUESTION OF DEGREE OF FOREIGN OWNERSHIP OF LOCAL MINING INDUSTRY, WHICH LABOR CLAIMS IS 62 PERCENT, LIMITED OFFICIAL USE

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IS LARGELY SKIRTED, EXCEPT FOR STATEMENT THAT AUSTRALIANS OWN IN DIRECT EQUITY OVER 50 PERCENT OF "MAJOR MINERALS INDUSTRIES" (EXCEPT BAUXITE).

6. EMBASSY COMMENT: PAPER DOES POOR JOB OF DEFUSING ISSUES (EXCESSIVE FOREIGN OWNERSHIP AND CONTROL, OVERLY GENEROUS TAX TREATMENT OF FOREIGN MINING COMPANIES, WEAK INTERNATIONAL BARGAINING UNDER PAST LIBERAL-CP GOVERNMENTS) WHICH LABOR IS

USING AGAINST OPPOSITION. OPPOSITION PARTIES CLEARLY MORE
SYMPATHETIC TO MINING INDUSTRY AND NEED FOR DEVELOPMENT.
HOWEVER, WITH HEAVY ELEMENT OF "ME-TOOISM", PAPER SEEMS TO
INDICATE MANNER OF IMPLEMENTATION NOT SUBSTANCE IS KEY DIFFERENCE
BETWEEN LABOR AND OPPOSITION APPROACHES. ALTHOUGH WHITLAM
GOVERNMENT CLEARLY VULNERABLE ON ITS OVERALL HANDLING OF
RESOURCES POLICY, OPPOSITION PAPER FALLS SHORT OF MOBILIZING
THIS CRITICISM EFFECTIVELY. HARROP

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